

agency under Public Law 103-354 provided the major portion of Federal financial assistance, the State Director will contact the appropriate USDA OIG Regional Inspector General. FmHA or its successor agency under Public Law 103-354 and the borrower shall coordinate all proposed audit plans with the appropriate USDA OIG.

(1) State and local governments and Indian tribes that receive \$25,000 or more a year in Federal financial assistance shall have an audit made in accordance with 7 CFR part 3016.

(2) State and local and Indian tribes that receive less than \$25,000 a year in Federal financial assistance shall be exempt from 7 CFR part 3016.

(3) Public hospitals and public colleges and universities may be excluded by the State Director from OMB Circular A-128 audit requirements. If such entities are excluded, audits shall be made in accordance with paragraph (a) of this section.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991]

§ 1944.423 Loan packaging and 502 RH application submittal.

A grantee is required to assist 502 RH applicants in submitting their application for a RH loan. Loan packaging will be performed in accordance with 7 CFR part 3550; therefore, it is important that the grantee be trained at an early date in the packaging of RH loans. Typically, this training should take place before the first applications are submitted to the County Office and before the grant is closed. A grantee should become very knowledgeable of FmHA or its successor agency under Public Law 103-354's eligibility requirements but must understand that only FmHA or its successor agency under Public Law 103-354 can approve or deny an applicant assistance. Grantee must work cooperatively with FmHA or its successor agency under Public Law 103-354 in the 502 loan approval process and must work within the regulations for the 502 program and recognize FmHA or its successor agency under Public Law 103-354's ultimate decision making authority to approve or deny loans. However, the grantee may ask for clarification that may be helpful in working with future applicants. Grant funds

may not be used to pay any expense in connection with an appeal that the applicant may file or pursue.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002]

§ 1944.424 Dwelling construction and standards.

All construction will be performed in accordance with subpart A of part 1924 of this chapter. The planned work must meet the building requirements of 7 CFR part 3550 and meet the Development Standards as defined in subpart A of part 1924 of this chapter and in any local codes. Sites and site developments must conform to the requirements of subpart C of part 1924 of this chapter.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002]

§ 1944.425 Handling and accounting for borrower loan funds.

Grantees will be required to administer borrower loan funds during the construction phases. The extent of their involvement will depend on the experience of the grantee and the amount of authority delegated to them by the District Director in accordance with § 1924.6(c) of subpart A of part 1924 of this chapter. Training should include FmHA or its successor agency under Public Law 103-354's non-discrimination policies in receiving applications.

§ 1944.426 Grant closeout.

(a) *Grant purposes completed.* Promptly after the date of completion, grant closeout actions will be taken to allow the orderly discontinuance of grantee activity.

(1) The grantee will immediately refund to Rural Development any balance of grant funds that are not committed for the payment of authorized expenses.

(2) The grantee will furnish Form SF-269A, "Financial Status Report (short form)" to FmHA or its successor agency under Public Law 103-354 within 90 days after the date of completion of the grant. All other financial, performance, and other reports required as a condition of the grant also will be completed.